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SUBJECT: TOURISM IN JORDAN IN 2007: REVENUES UP, MORE EUROPEANS,
LESS ARABS

REF: A. 07 Amman 4074
[1](#)B. 07 Amman 3159
[1](#)C. 07 Amman 2017

[1](#)1. Summary: Revenues from Jordan's tourism industry have grown 13 percent since 2006. The number and duration of European visitors is growing but Arab tourism is declining. Among Jordanian cities, Petra is experiencing the fastest growth, but low-budget hotels there continue to suffer from heavy debt. Significant tourism investment is occurring in Aqaba and the Dead Sea region. The GOJ is working to encourage investment in other locations such as Madaba, Kerak, Salt, Jerash, and Ajloun. Jordan's cost of living and Jordanians' reluctance to work in the tourism sector are both impediments to growth. End Summary.

The Numbers

[1](#)2. According to the Central Bank of Jordan, tourism revenues increased 12.2 percent to USD 2.31 billion in 2007. The growth in annual tourism receipts has accelerated since 2002, when it was at USD 1 billion. Officials are hopeful that revenues in 2008 will reach USD 3 billion, a 50 percent increase. An October 2007 Oxford Group report expressed skepticism about Jordan's very high goals for tourism revenue, but said that growth in revenues and jobs is strong.

[1](#)3. The growth in revenues in 2007 occurred despite drops in the number of Arab tourists, who typically comprise 50 percent of tourists to Jordan (Ref A). Historically, Iraqis and Saudis have represented a large percentage of overnight visitors, but their numbers fell 47 percent and 16 percent respectively. This decline is attributed by tourism officials to rising prices in Jordan and a lack of regional marketing. Although the total number of overnight visitors declined from 3.2 million to 3 million according to the Ministry of Tourism, revenues increased as the mix of tourists became more European - a group that typically spends more per day. The number of European tourists grew 37 percent during the first 11 months of 2007. Revenue also increased because the average stay for European tourists lengthened to four days, a trend that is also expected to continue. 161,000 American tourists visited Jordan in the first 11 months of 2007, an increase of 4 percent over 2006.

[1](#)4. There are 467 hotels and 21,149 hotel rooms in Jordan. Amman, as the capital and business center, leads the country in number of hotel room nights sold at 3.5 million in 2006. Aqaba was a distant second with 715,000, Petra with 400,000 was third, and the Dead Sea was fourth with 270,000 room nights sold. Other cities all had less

than 50,000 room nights sold in 2006. Tourism employs 32,000 people - with about one-third in hotels, one-third in restaurants and the remaining third working for related businesses including travel agencies, car rental offices, tour guide services and in tourism transportation.

Petra Grows but Low-Budget Hotels Still Suffer

¶5. The increase in European tourism is mostly attributed to Petra's "World Wonder" victory last July (Ref B). Occupancy rates at Petra hotels during the fall high-season were frequently over 90 percent and have remained high. The number of tourists to Petra grew 61 percent in 2007 to 580,000 and is expected to continue to grow. This growth will put Petra close to its UNESCO daily cap of 3,500 visitors on its busiest days. Director of Petra Archaeological Park Suleiman Farajat said that he is continuing to focus on the balance between preservation and tourism, and sees a need for improved facilities at the park.

¶6. Although Petra-area hotels benefited from high occupancy rates throughout the fall of 2007, 14 mostly one-, two- and three-star non-chain hotels in Petra are facing foreclosure because of USD 2.7 million in debts. The debts were incurred during the regional tourism slump that began with the 2000 Intifada, and continued after September 11 and the onset of hostilities in Iraq in 2003. The loans are financed by banks, but the government has at various times supported the hotels by cutting the interest rates, delaying principal payments, as well as cutting taxes and park entrance fees to encourage tourism to Petra in 2002. Ramzi Habeeb, General Manager of the three-star Petra Panorama Hotel, said that the government worked to support local hotels with promotions to encourage Jordanian visitors during a time of almost zero occupancy,

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but that none of the actions were enough to offset their loan and operational expenses.

Tourism Development Centered in Aqaba and Dead Sea

¶7. The most vigorous tourism development is occurring in Aqaba where several mixed tourist/residential resorts including Saraya Aqaba and Ayla Oasis are being built (Ref C). Ayla, at USD 1.42 billion, is the largest foreign direct investment project in Jordan's tourism sector history. The project will take eight years to complete with the first phase ready in 2010. In 2008, 1,000 hotel rooms will be added to Aqaba, doubling the number of hotel rooms. Aqaba is also growing as a cruise ship destination with 51 cruise ships arriving in the first 6 months of 2007, up from 36 in the same period in ¶2006.

¶8. One real estate consultant told EconOff that an unintended consequence of the development boom in Aqaba will be a decline in tourism revenues in the nearby Bedouin-run (and largely Egyptian-staffed) accommodations in Wadi Rum which have often benefited from the limited number of hotel rooms in Petra. The consultant speculated that tourists who cannot find rooms in Petra will increasingly stay in Aqaba which is just 45 minutes away, rather than in Wadi Rum.

¶9. The Dead Sea is the second busiest tourism development area and already home to three five-star hotels situated along a short strip on the central shoreline. An additional two five-star hotels currently under construction are scheduled to open in 2008. Three resorts with up to two golf courses are also due to begin construction, including the USD 500 million Samarah Dead Sea Golf and Beach Resort.

Government Support

¶10. The GOJ and the Jordan Tourism Board (JTB) seek to extend visitors' time in-country, which is often a two-day visit as an add-on to a longer Israel or Egypt tour package. The GOJ has launched a USD 70 million campaign funded by a loan from the World

Bank to restore and beautify five of Jordan's cities with additional tourism potential: Madaba, Kerak, Salt, Jerash, and Ajloun. The Ministry of Tourism is also working with the Jordan Investment Board (JIB) to develop an investment map to guide potential investors to opportunities in the tourism sector. JIB Assistant CEO Issa Gammoh said the investment map will identify 75 potential projects, each with a value of at least USD 100,000. While significant investment is occurring at the Dead Sea and Aqaba, the map will highlight other areas including Um Qais, Jerash and Ajloun in the north, and Shobak and Tafileh in the south.

Barriers to Growth

¶11. Tourism's growth has created many jobs, but many of the positions have been filled by non-Jordanians despite relative improvement in this area in recent years. Recent visits by EconOff to hotels in Petra and the Dead Sea found significant numbers of employees from Syria, Egypt, and Southeast Asia. USAID projects are currently focused on training Jordanians for tourism work, to address expected growth in Aqaba and elsewhere. Prime Minister Nader al Dahabi criticized unemployed Jordanians who shun jobs due to a "culture of shame" at a special session of Parliament on labor policy on January 15. At the same session, Labor Minister Bassem Salem said that while 180,000 Jordanians (about 14 percent) are unemployed, government initiatives have created 135,000 jobs that are currently held by expatriates including tourism jobs. 10 percent, or 3,200 of tourism industry employees are women, an increase of 15 percent over 2006.

¶12. A second barrier to tourism growth, particularly Arab tourism, is the rising cost of living in Jordan. Tour guide operators estimate that the price for packages to Jordan will rise 10 to 20 percent, reflecting increasing fuel prices for hotels, restaurants, and transportation. Tourism industry organizations have asked to have Jordan's 16 percent sales tax lifted from tourism expenses. Ahmad El Bashiti, Executive Director of the Jordan Inbound Tour Operators Association, emphasized the need for some sort of relief, telling EconOff that Jordan is already an expensive destination relative to Syria and Egypt because of limited airline competition

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to Jordan, and because of excess capacity at Egypt's Red Sea resorts.

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